

September 13th, 2022 – Presented for 1st Reading

1 **2022-40 (1ST READING): TO AUTHORIZE THE SALE OF 21.6 ACRES, A**
2 **PORTION OF TMS 1730004170 TO MHI CAPITAL, LLC TO AID IN**
3 **CONSTRUCTION OF THE PROPOSED SURF PARK.**

4
5 **Applicant/Purpose:** Staff/ authorize staff to terminate the lease with American Surf Parks,
6 LLC, and to enter into a Purchase Agreement with MHI Capital, LLC. for the same property
7 and purpose.
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9 **Brief:**

- 10 • Parcel for sale is a portion of TMS: 1730004170 consisting of 21.6 acres to be used for a
11 surf park and amphitheater.
12 • The developers and operators have secured the needed capital partner to begin
13 construction.
14 • The development partner requires the property be sold versus the prior agreement for
15 a lease.
16 • City Council finds a surf park operation and amphitheater are desirable uses of the
17 property.
18 • The purchase agreement included provisions to allow the city to reacquire the
19 property if development is unsuccessful.
20

21 **Issues:**

- 22 • Per the appraisal:
23 ○ The property is appraised at \$6.5 million.
24 ○ The appraisal deducts \$3.6M to reflect the cost of removing unusable soils
25 stockpiled on the site.
26 ○ The reconciled value (the difference between appraised value and the cost of
27 removing the spoils) is \$2,900,000.
28 • The price offered by the buyer is \$4,500,000.
29 • The Ordinance authorizes the termination of the prior lease and the execution of the
30 new purchase agreement.
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32 **Public Notification:** Normal meeting notification.
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34 **Alternatives:** Do not sell the property.
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36 **Financial Impact:** The City will sell the property for \$4,500,000
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38 **Manager's Recommendation:**

- 39 • I recommend 1st reading (9.13.22)
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41 **Attachment(s):** Purchase Agreement, appraisal, ordinance

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**CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA**

**TO AUTHORIZE THE SALE OF 21.6 ACRES,
A PORTION OF TMS 1730004170 TO MHI
CAPITAL, LLC TO AID IN CONSTRUCTION
OF THE PROPOSED SURF PARK**

WHEREAS, the City obtained the property in 2006 for the development of the Myrtle Beach Sports Center and other related sports tourism developments;

WHEREAS, the City entered into a long term lease with American Surf Parks, LLC in 2020 and provided an extension to that lease due to COVID-19 delays through Ordinance 2021-43;

WHEREAS, in the pursuit of the surf park development, American Surf Parks, LLC identified a capital partner and investor and has now requested to purchase the property in lieu of the executed lease;

WHEREAS, City Council finds that a surf park operation and amphitheater are desirable uses of the property and that the sale of the property is in the best interest of the City and its residents in an effort to broaden the amenities offered to residents and tourists, and at the same time broaden the City's tax base;

WHEREAS, the City and the prospective buyer and operator have negotiated a sales price of \$4,500,000, which is greater than the appraised reconciled value after adjusting for the expense of removing the stockpiled soils;

WHEREAS, the City and the prospective buyer and operator have negotiated certain clauses and provisions which allow the City to repurchase if development on the site is unsuccessful.

NOW, THEREFORE, BE IT ORDAINED that City Council hereby terminates the lease agreement between the City of Myrtle Beach and American Surf Parks, LLC dated May 27, 2020, and amended December 14, 2021.

NOW, THEREFORE IT BE FURTHER ORDAINED that the City Manager and Assistant City Manager, or either one of them, acting alone, are hereby authorized and directed to execute, acknowledge and deliver a Purchase Agreement in the name of and on behalf of the City. The Purchase Agreement is to be in substantially the form attached to this Ordinance as Exhibit A, with such changes as shall be approved by the City Manager or Assistant City Manager, or either one of them, acting alone, such person's or persons' execution and delivery thereof to constitute conclusive evidence of approval of any and all changes or revisions therein from the Purchase Agreement now before this meeting.

This ordinance is effective upon second reading.

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ATTEST:

BRENDA BETHUNE, MAYOR

JENNIFER ADKINS, CITY CLERK

1st READING: 09-13-22

2nd READING: